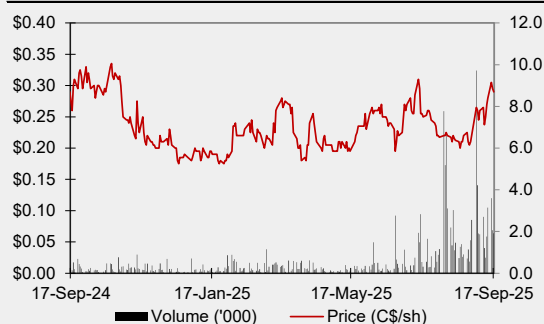


Southern Silver Exploration Corp. (TSXV:SSV) Acquiring Puro Corazon to Consolidate CLM Land Package

Corporate Update
September 18, 2025

Closing Price (\$/sh)	\$0.29
Rating	BUY
Target (\$/sh)	\$1.10
Return to Target	279%
NAV (\$/sh)	\$1.46
P/NAV	0.20x
52 Week Low / High	\$0.17 / \$0.34
CAPITALIZATION	Basic Diluted
Shares Outstanding (M)	386 495
Market Capitalization (\$MM)	\$111.9
Enterprise Value (\$MM)	\$94.3
Cash (\$MM)	\$17.6
Debt (\$MM)	\$0.0

STOCK CHART



NET ASSET VALUE	(C\$M)	(C\$/sh)
Cerro Las Minitas, Mexico (100%)	\$803.04	\$1.35
Oro Project, Mexico (100%)	\$5.00	\$0.01
Corporate Adjustments	\$58.47	\$0.10
NAV	\$866.51	\$1.46

RELATIVE VALUATION	US\$EV/oz AgEq	P/NAV
Peer Group Average*	\$2.10	0.58x
Southern Silver Exploration Corp.	\$0.23	0.20x

*Capital IQ Consensus

MAJOR SHAREHOLDERS

Management (2.3%), The Electrum Group LLC (25.0%), Institutions (12.0%)

DISCLOSURE CODE: 1,2,3

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Southern Silver Exploration Corp., an exploration stage company, acquires, explores, and develops natural resource properties. It explores for gold, silver, copper, lead, and zinc ores. The company's flagship property is the Cerro Las Minitas project comprising twenty-five mineral concessions covering an area of approximately 27,451 hectares located in Durango State, Mexico. The company was formerly known as Newcoast Silver Mines Ltd. and changed its name to Southern Silver Exploration Corp. in July 2004. Southern Silver Exploration Corp. was incorporated in 1963 and is headquartered in Vancouver, Canada.

Impact: Positive

Southern Silver (SSV) has acquired the right to purchase the Puro Corazon mining claim encompassed by the existing claims of its Cerro Las Minitas (CLM) project in Durango, Mexico by making staged cash payments of unspecified amounts over forty months. **We view this as a positive deal. The claim is contiguous with and encompassed by SSV's existing claims and covers the same mineralized skarn system. We expect the inclusion of Puro Corazon's mineralization and existing infrastructure in future CLM economic studies to be synergistic and value enhancing. We look forward to results from the 12,000m infill drill program at Puro Corazon, which is planned to start immediately, and an updated PEA in Q1/26.**

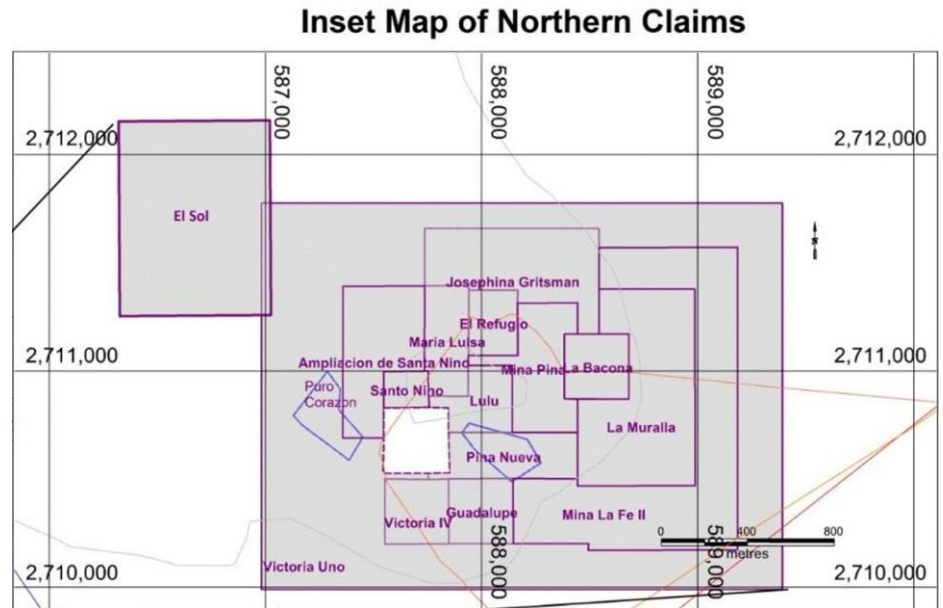
Highlights:

- **Puro Corazon offers quick resource growth potential.** The mineralized Skarn zone at CLM is known to extend through Puro Corazon. Acquiring the claims would enable SSV to report the tonnage and volumes it already estimated within the Puro Corazon claims for use in the current MRE for CLM as resources. Resource expansion drilling offers the potential to add resources incrementally. Artisanal miners typically encountered grades of 80-300 g/t Ag, 2-8% Zn, 2-4% Pb and 0.5%-2% Cu.
- **Can leverage existing infrastructure.** 60 tpd of artisanal mining continues to this day and the mine hosts a shaft and a 2.5m x 2.5m decline, which could possibly enable underground exploration. It currently produces two concentrates – Ag-Pb and Zn, while CLM's 2024 PEA outlined the production of three concentrates – Cu, Ag-Pb and Zn.
- **Value enhancing to existing PEA.** The acquisition would enhance CLM project economics by avoiding having to plan for mine workings to go around the claim, providing access to its near-surface and high-grade ore, optimizing mine sequencing, adding resources and extending the LOM, and right-sizing the operation and capex requirements. The 2024 PEA outlined a 17-year 5,300 tpd longhole open stoping operation producing ~190M oz AgEq with a US\$501M NPV_{5%}, 21.2% IRR and four-year payback (all post-tax) at prices of US\$23/oz Ag, US\$ 1,850 Au, US\$4/lb Cu, US\$1/lb Pb and US\$1.25/lb Zn ([read note](#)).
- **Updating capital structure for July's C\$15M bought deal financing.** The company issued 56M shares and 28M warrants exercisable at C\$0.40 by July 29, 2028. This increased the partially ITM diluted and fully financed share count considered in our valuation to 596M and the cash balance to C\$18M.

Valuation:

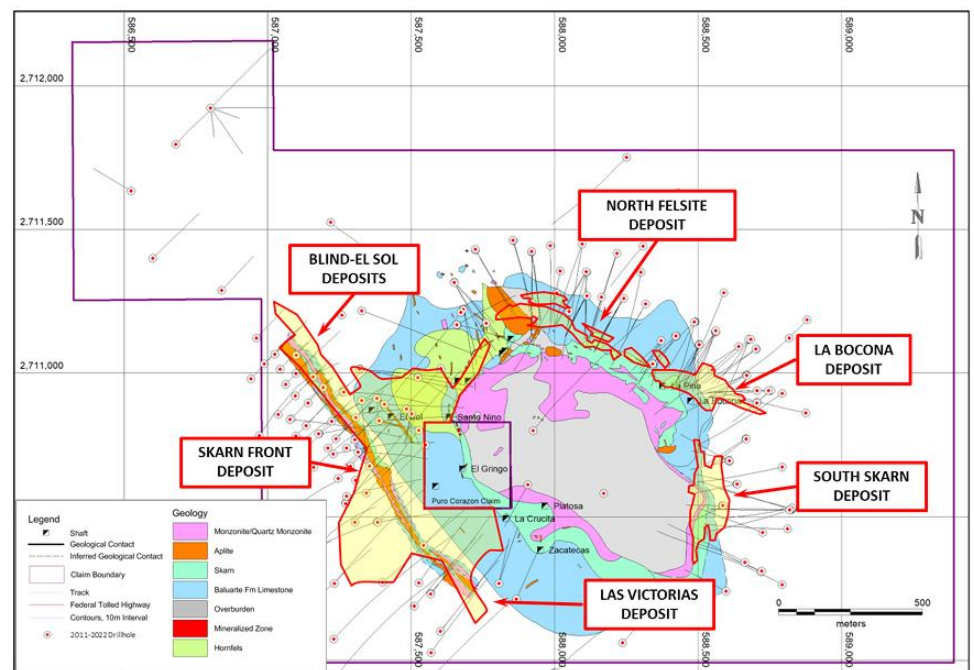
We maintain our BUY rating and decrease our target price to C\$1.10 (was C\$1.25). Our target is based on 0.75x of the company's corporate NAVPS of C\$1.46 (was C\$1.67), which is driven largely by an unchanged C\$803M DCF_{8%} valuation of CLM. The target fell due to the dilution from the recent C\$15M bought deal. The company is cashed up, and we expect resource expansion at and development of CLM should help drive a re-rating of the stock.
Upcoming Catalysts: 1) Cerro Las Minitas and Puro Corazon drill results (H2/25), and 2) Updated CLM PEA (H1/26).

Figure 1: Inset map of Northern Claims showing the inlying 9 ha Puro Corazon claims as a hole within the existing CLM claims



Source: Company Reports

Figure 2: Map showing Puro Corazon claims over a geological map of the central monzonite intrusion and associated skarn at CLM



Source: Company Reports

Figure 3: Valuation Summary

All dollar values in CAD

Development Properties	5%	8%	10%	12%	15%
Cerro Las Minitas Project, Mexico (100%)	\$1,143.5	\$803.0	\$637.4	\$507.3	\$360.9
Total Mine Site After-Tax NPV	\$1,143.5	\$803.0	\$637.4	\$507.3	\$360.9
Other Assets and/or Liabilities					
Oro Project, Mexico (100%)	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Other assets/liabilities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Total Pre-Financing NAV (C\$M)	\$1,148.5	\$808.0	\$642.4	\$512.3	\$365.9
Total Pre-Financing NAVPS (C\$/share)	\$2.89	\$2.04	\$1.62	\$1.29	\$0.92
Corporate adjustments					
Corporate G&A	(\$9.1)	(\$7.2)	(\$6.3)	(\$5.5)	(\$4.6)
Working capital plus ITM o/w	\$20.7	\$20.7	\$20.7	\$20.7	\$20.7
Interest income net of financing expense	(\$3.3)	(\$3.1)	(\$3.0)	(\$2.9)	(\$2.7)
Cash Flow from Financing	\$48.5	\$48.1	\$47.8	\$47.5	\$46.9
Total net debt	\$65.9	\$65.7	\$65.5	\$65.3	\$64.9
Total Corporate Adjustments	\$56.8	\$58.5	\$59.2	\$59.7	\$60.2
Total Post-Financing NAV (C\$M)	\$1,205.3	\$866.5	\$701.7	\$572.0	\$426.1
Total Post-Financing NAV (C\$/share)	\$2.02	\$1.46	\$1.18	\$0.96	\$0.72
Target Derivation					
Total Post-Financing NAVPS _{8%} (C\$/share)	\$1.46				
Multiple	0.75x				
	\$1.09				
Target Price (C\$)		\$1.10			
Return to Target		279%			

Source: RCS Estimates

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Disclosure Statement

Updated September 18, 2025

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-04-23	BUY	0.35	BUY	37%
2023-11-10	BUY	0.90	BUY (S)	18%
2023-11-15	BUY	0.90	HOLD	1%
2024-06-12	BUY	1.00	TENDER/ SELL	0%
2024-07-25	BUY	1.00	NA	40%
2024-08-28	BUY	£1.00	UNDER REVIEW	4%
2024-09-04	BUY	£0.90		
2024-10-21	BUY	£0.90		
2025-01-07	RESTR.	RESTR.		
2025-02-27	BUY	0.90		
2025-03-03	RESTR.	RESTR.		
2025-04-24	BUY	1.25		
2025-06-30	BUY	1.25		
2025-09-18	BUY	1.25		

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Company Name	Ticker Symbol	Disclosures
Southern Silver Exploration Corp.	TSXV:SSV	1,2,3

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